

Service Date: October 18, 1994

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF The Application)	
Of THE WASHINGTON WATER POWER)	UTILITY DIVISION
COMPANY To Merge With SIERRA PACIFIC)	DOCKET NO. 94.9.37
POWER COMPANY And SIERRA PACIFIC)	ORDER NO. 5803
RESOURCES To Form RESOURCES WEST)	
ENERGY CORPORATION.)	

* * * * *

DEFAULT ORDER APPROVING MERGER

BACKGROUND

1. On September 1, 1994, The Washington Water Power Company (Applicant or Water Power) filed an Application with the Montana Public Service Commission (Commission) for an Order respecting the merger of the Applicant with Sierra Pacific Power Company (Sierra Power), and Sierra Pacific Resources (Sierra Resources) into Resources West Energy Corporation (Resources West).
2. The Applicant also applied for an Order authorizing the adoption by Resources West of all tariff schedules and service contracts of the Applicant on file with the Commission and in effect at the time of the merger by the Applicant.
3. The Application is supported by exhibits, consisting of a copy of its Application to the Idaho Public Utilities Commission and accompanying documents.
4. The Applicant states that it is qualified to transact business and operates as a public utility in the States of Washington, Oregon, California, Idaho and Montana.

It further alleges that Resources West is incorporated in the State of Nevada, and that all outstanding shares of Resources West are owned by the Applicant.

5. Following the proposed merger, the separate corporate existence of the Applicant, and those of its merging partners, Sierra Resources and Sierra Power will cease, and Resources West will be the surviving entity. Resources West will be qualified to transact business and operate as a public utility in the States of Washington, Idaho, Montana, Oregon, Nevada, and California.

6. As a result of the merger, Resources West will provide electric service to an average of more than 520,000 retail electric customers throughout Washington, Idaho, Nevada and California and approximately 270,000 natural gas customers in Washington, Idaho, Oregon, California and Nevada, and water service to approximately 58,000 customers in Nevada.

7. The verified Application states that fewer than twenty (20) residential and small commercial customers are currently served in Montana by the Applicant and that the revenues derived by Water Power from electric sales for ultimate use by Montana customers do not exceed \$5,000,000, or five percent of its revenues in any year. Further, the revenues of Resources West are not expected to exceed this threshold as a consequence of the merger.

8. The Applicant also asks for an Order determining that the Commission does not assert jurisdiction over the following transactions:

The merger and all aspects of the merger of the Applicant and Sierra Power, and its parent, Sierra Resources, into Resources West, with Resources West to be the surviving corporation, in accordance with an Agreement and Plan of Reorganization and Merger (Merger Agreement)

dated June 27, 1994, among The Washington Water Power Company, Sierra Pacific Power Company, its holding company parent, Sierra Pacific Resources, and WPM Corp. (renamed, Resources West Energy Corporation);

The issuance by Resources West of shares of its common and preferred stocks upon conversion of the outstanding shares of common and preferred stock of the Applicant and Sierra Power and Sierra Resources, in accordance with the terms of the Merger Agreement;

The assumption by Resources West of all outstanding obligations of Water Power and Sierra Power and Sierra Resources and the continuation or creation of liens in connection therewith.

FINDINGS OF FACT

9. The Washington Water Power Company is a corporation organized under the laws of the State of Washington and duly authorized to transact business in the State of Montana.

10. Resources West Energy Corporation is incorporated in the State of Nevada.

11. The Applicant plans a merger of itself and Sierra Pacific Power Company, and its parent, Sierra Pacific Resources, into Resources West Energy Corporation, with Resources West to be the surviving corporation, in accordance with an Agreement and Plan of Reorganization and Merger (Merger Agreement) dated June 27, 1994, among the Applicant, Sierra Power, its holding company parent, Sierra Resources, and WPM Corp. (renamed, Resources West Energy Corporation).

12. Fewer than twenty (20) of the Applicant's approximately 264,000 retail electric customers or of the 520,000 retail electric customers of Resources West, expected after the proposed merger, are located in the State of Montana.

13. The revenues of The Washington Water Power Company derived from electric sales for ultimate use by Montana customers in any year do not exceed \$5,000,000, or five percent of its gross revenues. The Applicant does not expect these revenues to increase beyond the threshold of \$5,000,000, or five percent of Resources West Energy Corporation's revenues as a consequence of the merger.

14. The Applicant has filed requesting appropriate regulatory authorizations from the state public utility commissions in Washington, Idaho, Oregon, Montana, Nevada and California, as well as with the Federal Energy Regulatory Commission.

CONCLUSIONS OF LAW

1. The Commission may exercise jurisdiction over the Merger and Acquisition of public utilities in Montana. Section 69-3-101 et seq., MCA.

2. The Commission is not required by law to exercise jurisdiction over the proposed merger of the Applicant and Sierra Pacific Power Company, and its parent, Sierra Pacific Resources, into Resources West Energy Corporation, with Resources West Energy Corporation to be the surviving corporation.

3. The Commission does not have jurisdiction to regulate the issuance of securities or the creation of liens by Applicant or the proposed successor to Applicant, except as the Applicant may qualify under ' 69-3-501, MCA.

4. The Commission has jurisdiction over the terms and conditions for the provision of electric service at retail within the State of Montana by Applicant and its proposed successor, Resources West Energy Corporation. Section 69-3-101 et seq., MCA.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Commission will not exercise jurisdiction over the following transactions:
 - a. The merger and all aspects of the merger of the Applicant and Sierra Pacific Power Company, and its parent, Sierra Pacific Resources, into Resources West Energy Corporation, with Resources West Energy Corporation to be the surviving corporation, in accordance with an Agreement and Plan of Reorganization and Merger (Merger Agreement) dated June 27, 1994, among The Washington Water Power Company, Sierra Pacific Power Company, its holding company parent, Sierra Pacific Resources, and WPM Corp. (renamed, Resources West Energy Corporation);
 - b. The issuance by Resources West Energy Corporation of shares of its common and preferred stocks upon conversion of the outstanding shares of common and preferred stock of Applicant and Sierra Pacific Power Company and Sierra Pacific Resources, in accordance with the terms of the Merger Agreement; and
 - c. The assumption by Resources West Energy Corporation of all outstanding obligations of Water Power and Sierra Pacific Power Company and Sierra Pacific Resources and the continuation or creation of liens in connection therewith.
2. The adoption by Resources West Energy Corporation of all tariff schedules and service contracts of the Applicant on file with the Commission and in effect at the time of the merger for service within all territories served prior to the merger by the Applicant is authorized and approved.
3. The Commission does not have jurisdiction over the issuance of securities and creation of liens by Resources West Energy Corporation until the revenues derived

by Resources West Energy Corporation from electric sales for ultimate use by Montana customers exceed \$5,000,000 or five percent of its gross revenues in any year.

DONE IN OPEN SESSION at Helena, Montana on this 17th day of October, 1994, by a 5-0 vote.

BY THE ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman

DAVE FISHER, Commissioner

NANCY McCAFFREE, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.